

**SENATE . . . . . No. 619**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***Bruce E. Tarr***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act promoting savings for first time homebuyers.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Bruce E. Tarr</i>	<i>First Essex and Middlesex</i>
<i>Thomas J. Calter</i>	<i>12th Plymouth</i>
<i>Michael R. Knapik</i>	<i>Second Hampden and Hampshire</i>
<i>Richard J. Ross</i>	<i>Norfolk, Bristol and Middlesex</i>
<i>Robert L. Hedlund</i>	<i>Plymouth and Norfolk</i>

**SENATE . . . . . No. 619**

By Mr. Tarr, a petition (accompanied by bill, Senate, No. 619) of Bruce E. Tarr, Thomas J. Calter, Michael R. Knapik, Richard J. Ross and other members of the General Court for legislation to promote savings for first time homebuyers. Housing.

**The Commonwealth of Massachusetts**

**In the Year Two Thousand Thirteen**

An Act promoting savings for first time homebuyers.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter 23B of the General Laws, as appearing in the 2010 Official  
2 Edition, is hereby amended by adding after section 30, the following section:-

3 Section 31. The director of the department of housing and community development shall  
4 establish a closing costs assistance program for income-eligible first time homebuyers. The  
5 department, subject to appropriation, shall issue grants to qualifying homebuyers up to \$2,500  
6 for the purpose of assisting in paying closing costs and other similar fees associated with the  
7 purchase of a home. Said grant may not exceed greater than 100 percent of the documented  
8 closing costs in any transaction. The department shall publish any regulations necessary to  
9 achieve the purpose of this section.

10 Income-eligible first-time homebuyers, for purposes of this section, shall be defined as  
11 any person, or persons for those persons purchasing a home jointly, who maintains a first-time  
12 home-buying account as designated under section 5B of chapter 26, and then utilizes at  
13 minimum \$1,000 from said account for such a purchase; provided that said person shall have an  
14 income of 90 percent of the median area income as estimated by the U.S. Department of Housing  
15 and Urban Development for metropolitan statistical areas or less.

16 SECTION 2. Chapter 26, as so appearing, is hereby amended by adding after section 5A,  
17 the following new section: -

18 "Section 5B. (a) The commissioner of banks shall establish a first-time home-buying  
19 program to be administered by financial institutions licensed to do business in the  
20 commonwealth. Such program shall require that new qualifying savings accounts, established by

21 an individual to be designated as a first-time home-buying account, qualify for the benefits  
22 prescribed by this section. Individuals with existing qualifying savings accounts shall be entitled  
23 to convert and designate such account as a first-time home-buying account. The commissioner  
24 shall establish regulations defining a qualifying savings account as such an account suitably  
25 chosen by the commissioner from existing forms of savings and retirement accounts for the  
26 purpose of this section.

27 (b) Such program shall allow contributions of up to \$4,000 to first-time home-buying  
28 accounts, designated as such and regulated by the commissioner; provided, that such  
29 contributions shall not be considered taxable income and shall be deducted under subsection (a)  
30 of section 3 of chapter 62.

31 (c) Under said program, balances of up to \$5,000 in qualifying savings accounts  
32 established prior to being designated as a first-time home-buying account shall be credited in the  
33 first taxable year following the designation under subsection (m) of section 6 of chapter 62.

34 (d) Qualifying distributions to an individual from a first-time home-buying account shall  
35 not be considered taxable income under section 2 of chapter 62. Qualifying distributions shall  
36 mean distributions for qualified first-time homebuyer expenses as defined by section 72(t)(8) of  
37 the Internal Revenue Code, as it may be amended from time to time.

38 Distributions to an individual that do not qualify under this subsection shall be considered  
39 taxable income under section 2 of chapter 62 and shall also subject to a penalty of not more than  
40 10%. Penalties shall be administered by the commissioner and shall be available to the closing  
41 cost assistance program fund created under section 31 of chapter 23B.”

42 SECTION 3. Subdivision (3) of subsection (a) of section (2) of chapter 62, as so  
43 appearing, is hereby amended by adding at the end thereof the following subparagraph:-

44 (D) Effective on and after January 1, 2013, any qualifying distribution from a designated  
45 first-time home-buying account, as defined by section 5B of chapter 26, shall not be subject to  
46 taxes imposed by this chapter; provided however, that any distribution for expenses not exempt  
47 from taxation, as defined by section 5B of chapter 26, shall be considered taxable income under  
48 this chapter.

49 SECTION 4. Subparagraph (B) of section 3 of chapter 62, as so appearing, is hereby  
50 amended by adding at the end thereof the following subdivision:-

51 “(16) Amount expended by an individual for contributions to a qualifying savings  
52 account, designated as a first-time home-buying account, pursuant to section 5B of chapter 26,  
53 not to exceed \$4,000 for the taxable years beginning on or after January 1, 2013.”

54 SECTION 5. Subdivision (1) of subsection (d) of section 2 of said chapter 62, as so  
55 appearing, is hereby amended by adding after the words “section sixty-two” the following:- “,  
56 two hundred and nineteen”.

57 SECTION 6. Subdivision (1) of subsection (d) of section 2 of said chapter 62, as so  
58 appearing, is hereby amended by striking subparagraph (F) in its entirety.

59 SECTION 7. Section 6 of chapter 62, as so appearing, is hereby amended by inserting at  
60 the end thereof the following subsection:-

61 “(m) A taxpayer shall be allowed a credit against the taxes imposed by this chapter equal  
62 to the taxes paid in any one year prior to January 1, 2013 for contributions up to \$5,000 into a  
63 qualifying savings account converted and designated as a first-time home-buying account,  
64 pursuant to section 5B of chapter 26.”